

Statistics in focus

POPULATION AND SOCIAL CONDITIONS

THEME 3 – 3/2001

Contents

In the EU hourly labour costs in "industry and services" varied between 7 and 27 euro in 1999 1

Highest costs in the group "financial intermediation and real estate" 2

Direct costs amount to three-quarters of total costs 2

Belgium, Denmark, France, Ireland, Italy, The Netherlands and United Kingdom: Eurostat estimates

Portugal and Greece: data are for 1998

EU LABOUR COSTS 1999

Ana Nobre

The labour costs are the total costs incurred by the employer in the employment of labour.

Labour costs considerably influence the choices of political, economic and social decision-makers, as they account for some two-thirds of the production costs of goods and services. Moreover, knowledge of labour cost levels is an essential tool in the strategic planning of investment, production, employment policy or wage levels in collective bargaining.

The disparities between European countries continue to be important as regards labour costs. The comments made here are based on figures in table page 3, which are not complete for all countries.

In the EU hourly labour costs in "industry and services" varied between 7 and 27 euro in 1999

Austria, Denmark and Germany are the most expensive countries for hourly costs in "industry and services", at around 27 euro.

The lowest labour costs have been observed in Portugal for years. The Portuguese labour costs represent 1/3 of EU average and 1/4 of the labour costs in most expensive EU Member States.

The European Union cost average in 1999 was about 21.5 euro in "industry and services" with Netherlands and Finland closest to the average. In the USA the average level reached 17.8 euro, and in Japan 21.9 euro.

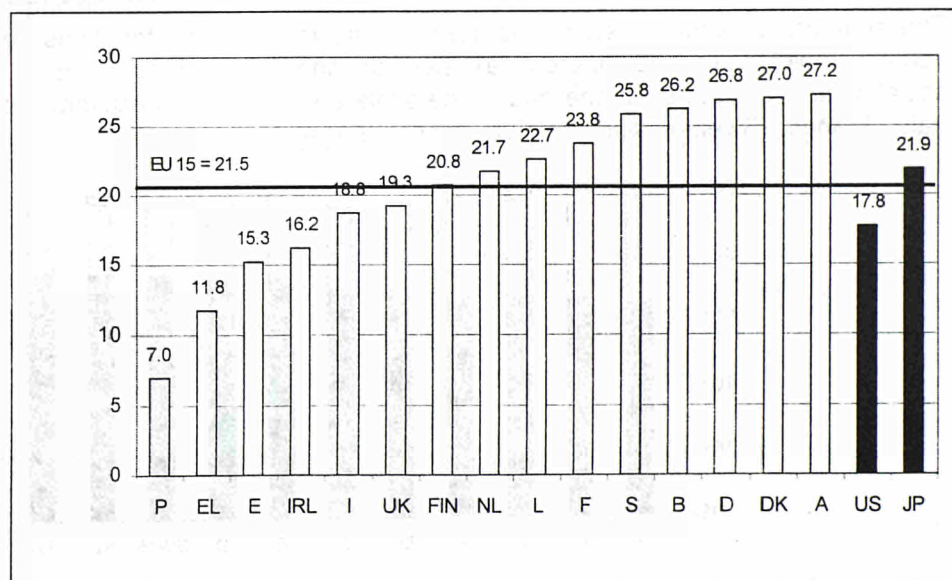
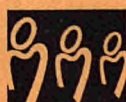


Figure 1: Hourly labour costs in "industry and services" in 1999 (in euro)

EL: industry

A: Eurostat estimates



Highest costs in the group "financial intermediation and real estate"

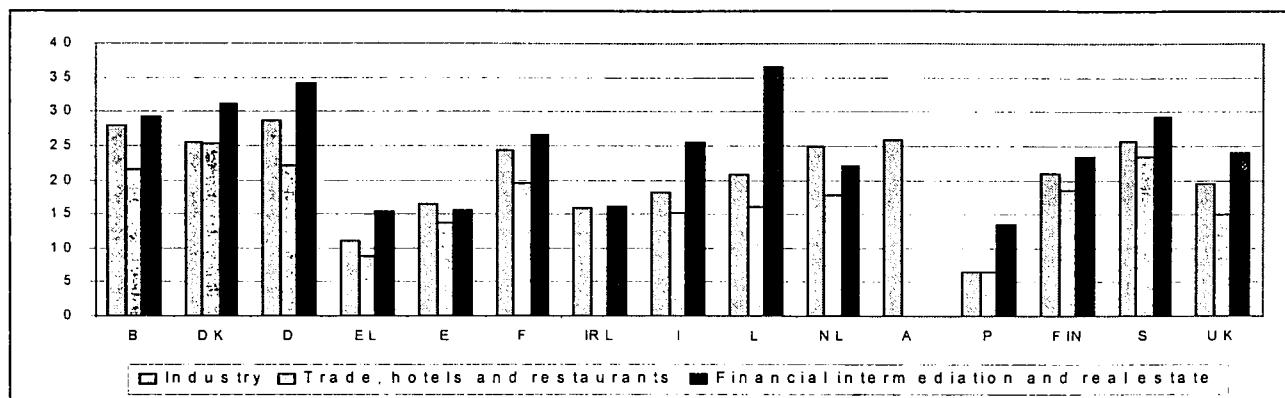


Figure 2: Hourly labour costs by activities in 1999 (in euro)

Among the 3 selected activities, the group "Financial intermediation and real estate, renting and business activities" recorded the highest level of hourly costs in nearly all countries except in Spain and the Netherlands. Portugal and Luxembourg recorded the largest hourly costs gap between the group "industry" and "trade, hotels and restaurants" and "financial intermediation". In Luxembourg in 1999 the hourly labour cost in financial intermediation was 36.7 euro

while in industry it was 22,8 euro. In Portugal, in 1998, the corresponding figures were 13,5 euro and 6,5 euro.

In Denmark, "industry" and "trade and hotels and restaurants" reported almost the same levels in 1999. Generally, in the other countries the hourly labour costs levels in "industry" are higher than in "trade and hotels and restaurants".

Direct costs amount to three-quarters of total costs

Direct costs are wages and salaries (in cash and in kind) ; they include payments to employees saving schemes and payments for days not worked. They exclude employers' social contributions and other marginal costs. As an average for European Union "industry and services" direct costs amount to 75% of the labour costs in 1999.

The structure of labour costs varies from country to country, mainly reflecting different tax, pension and social security systems. At one end of the scale are, Italy, France, Sweden and Belgium where social

security contributions and other indirect costs represent 28% to 35% of total labour costs (depending of the activities) . At the other extreme are Denmark (where individuals' social protection is mainly financed through income tax; this leads to indirect costs of only 5% to 8%), Luxembourg, Ireland and United Kingdom (indirect labour costs corresponding to less than 20%). Employers' social contributions represent 17.8% and 15.5% of total costs in United States and Japan respectively(depending of the activities)

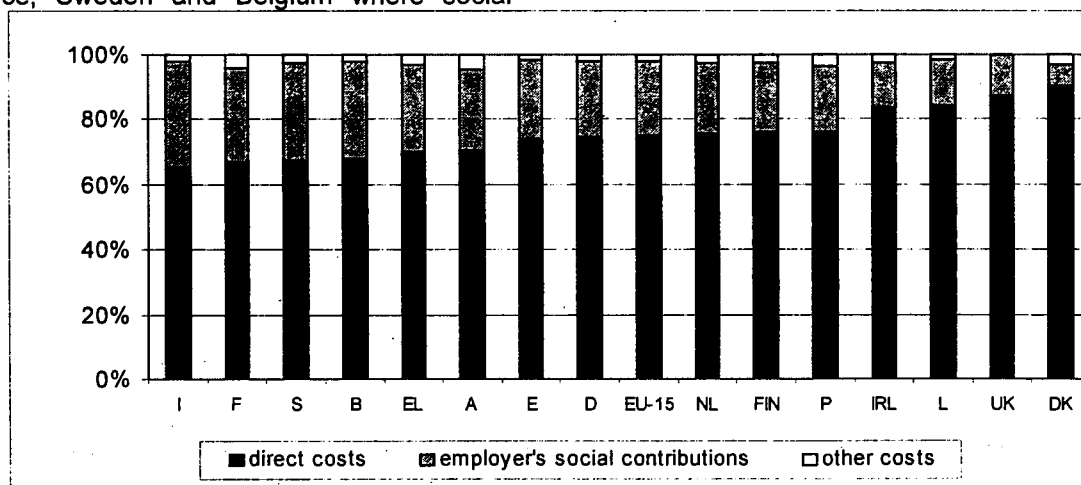


Figure 3: Composition of labour costs - 1999 (%)

Hourly labour costs (in euro – current exchange rates) and composition of labour costs (%) – 1999

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Industry and services (sections C to K)															
Hourly labour cost (euro)	26.2	27.0	26.8	:	15.3	23.8	16.2	18.8	22.7	21.7	27.2	7.0	20.8	25.8	19.1
Direct cost (%)	68.3	90.4	74.7	:	74.0	67.1	84.0	65.5	84.1	75.6	70.4	76.2	75.9	67.4	87.1
Direct remuneration (%)	57.5	75.9	63.2	:	73.8	57.8	73.8	60.7	71.8	65.9	61.2	69.9	64.5	60.4	74.1
Indirect cost (%)	31.7	9.6	25.3	:	26.0	32.9	16.0	34.5	15.9	24.4	29.6	23.8	24.1	32.6	12.9
Social security (%)	29.9	6.4	23.1	:	24.4	28.6	13.4	32.7	14.5	22.1	25.3	20.4	21.8	29.8	12.0
Total industry (sections C to F)															
Hourly labour cost (euro)	:	25.7	27.5	11.8	15.8	24.1	:	:	20.9	:	:	6.3	20.9	25.5	:
Direct cost (%)	:	92.0	74.5	69.8	73.6	66.9	:	:	84.1	:	:	75.3	75.5	67.4	:
Direct remuneration (%)	:	77.5	63.0	:	73.5	57.2	:	:	71.8	:	:	69.1	64.2	60.4	:
Indirect cost (%)	:	8.1	25.5	30.2	26.4	33.1	:	:	15.9	:	:	24.8	24.5	32.6	:
Social security (%)	:	6.1	23.5	27.1	25.0	29.2	:	:	15.3	:	:	20.8	22.2	29.9	:
Industry (sections C+D+E)															
Hourly labour cost (euro)	27.9	25.6	28.8	11.1	16.5	24.5	16.0	18.3	:	24.9	25.9	6.5	21.0	25.8	19.1
Direct cost (%)	68.3	92.2	74.6	69.8	73.3	66.7	83.7	65.0	:	74.5	70.4	75.0	75.5	67.2	86.1
Direct remuneration (%)	56.4	77.7	63.1	57.6	73.2	57.4	73.4	59.3	:	64.7	61.2	68.8	64.2	73.1	73.1
Indirect cost (%)	31.8	7.8	25.4	30.2	26.7	33.3	16.3	35.0	:	25.6	29.6	25.1	24.5	32.8	13.1
Social security (%)	29.8	6.3	23.6	27.1	25.4	29.2	13.4	32.8	:	23.2	25.3	20.9	22.2	30.0	13.1
Manufacturing industry (section D)															
Hourly labour cost (euro)	27.4	25.4	28.4	9.9	16.2	23.7	15.6	17.9	22.8	24.4	25.1	6.2	20.9	25.6	19.1
Direct cost (%)	69.1	92.3	75.1	68.4	73.5	67.7	84.0	65.2	84.7	74.5	71.3	75.5	75.6	67.3	86.1
Direct remuneration (%)	56.4	77.8	63.6	:	73.4	58.2	73.7	59.2	72.3	64.8	62.1	69.4	64.3	60.4	73.1
Indirect cost (%)	30.9	7.7	24.9	31.6	26.5	32.3	16.0	34.8	15.3	25.5	28.7	24.5	24.4	32.7	13.1
Social security (%)	28.9	6.2	23.1	29.1	25.2	28.6	13.0	32.6	14.6	23.3	24.3	20.5	22.2	30.0	13.1
Electricity, gas and water supply (section E)															
Hourly labour cost (euro)	:	:	34.7	16.5	26.8	:	:	29.8	38.1	:	39.0	12.8	:	28.5	:
Direct cost (%)	:	:	67.8	72.2	71.5	:	:	62.6	77.0	:	61.6	68.3	:	65.6	:
Direct remuneration (%)	:	:	57.0	:	70.8	:	:	61.1	65.8	:	53.1	61.8	:	59.1	:
Indirect cost (%)	:	:	32.2	27.8	28.5	:	:	37.4	23.0	:	38.4	31.8	:	34.4	:
Social security (%)	:	:	29.4	25.6	26.8	:	:	35.4	21.3	:	34.9	26.2	:	29.7	:
Construction (section F)															
Hourly labour cost (euro)	23.9	26.2	21.8	:	13.4	20.5	18.6	17.3	16.2	21.4	:	5.8	19.8	23.5	19.1
Direct cost (%)	63.2	90.6	74.2	:	75.2	68.2	80.2	65.0	84.4	76.2	:	76.9	76.3	69.1	86.1
Direct remuneration (%)	51.1	76.8	62.9	:	75.0	56.4	72.3	59.3	72.7	64.7	:	70.7	64.3	60.9	74.1
Indirect cost (%)	36.8	9.4	25.8	:	24.8	31.8	19.9	35.0	15.6	23.8	:	23.1	23.7	31.0	13.1
Social security (%)	35.4	5.1	23.0	:	23.4	28.9	17.1	33.2	15.2	21.3	:	20.0	22.3	29.4	13.1
Services (sections G to K)															
Hourly labour cost (euro)	:	:	25.4	:	14.8	:	:	21.2	24.7	20.1	:	8.3	20.6	26.3	:
Direct cost (%)	:	:	75.1	:	74.4	:	:	66.4	83.5	76.2	:	77.6	:	67.5	:
Direct remuneration (%)	:	:	63.8	:	74.0	:	:	63.5	71.4	66.9	:	71.1	:	60.5	:
Indirect cost (%)	:	:	24.9	:	25.7	:	:	33.7	16.5	23.8	:	22.4	:	32.5	:
Social security (%)	:	:	22.0	:	23.8	:	:	32.5	14.3	21.4	:	19.9	:	29.7	:
Wholesale and retail trade (G), hotels and restaurants (H) and transports and communications (I)															
Hourly labour cost (euro)	21.6	25.4	22.2	8.9	13.7	19.6	:	15.3	16.1	17.9	:	6.5	18.6	23.5	15.1
Direct cost (%)	71.4	91.4	77.2	72.5	73.7	68.8	:	66.3	85.9	76.9	:	77.0	76.8	68.4	86.1
Direct remuneration (%)	62.4	76.8	65.8	:	73.5	59.8	:	61.2	74.2	68.1	:	70.7	66.5	75.1	75.1
Indirect cost (%)	28.6	8.7	22.8	27.5	26.3	31.2	:	33.7	14.1	23.1	:	23.0	23.2	31.6	13.1
Social security (%)	27.2	5.5	20.5	25.4	24.2	28	:	32.2	13.1	21.3	:	20.2	20.9	29.4	11.1
Financial intermediation (J) and real estate, renting and business activities (K)															
Hourly labour cost (euro)	29.3	31.1	34.3	15.3	15.5	26.7	16.2	25.5	:	22.1	:	13.5	23.4	29.4	24.1
Direct cost (%)	67.8	86.5	71.2	70.9	75.3	66.1	83.1	66.4	:	75.7	:	78.2	75.8	66.7	87.1
Direct remuneration (%)	58.3	71.9	60.1	52.9	74.7	57.5	72.1	64.7	:	66.0	:	:	64.1	74.1	74.1
Indirect cost (%)	32.2	13.5	28.8	29.1	24.8	33.9	17.0	33.6	:	24.3	:	21.8	24.2	33.3	12.9
Social security (%)	30.0	7.9	24.9	27.2	23.3	28	14.0	32.7	:	21.5	:	19.5	21.2	29.9	12.0

Direct costs are mainly direct remuneration, payments to employees saving schemes, payments for days not worked and benefits in kind.

Direct remuneration are wages and salaries (in cash and in kind), irregular bonuses (before deduction of taxes and social security contributions payable by employees) and gratuities.

Indirect costs include the Social security expenses the employer must pay, vocational training expenditure, taxes, etc.

Hourly labour costs 1998/1999

1999 data for Germany, Spain, Luxembourg, Austria (except for C_K), Finland and Sweden: data provided by the M.S.

1999 data for Belgium, Denmark, France, Ireland, Italy, Netherlands, Austria (only for C_K) and United Kingdom: estimates carried out by Eurostat, using quarterly labour costs indices (LCI)

1998 data for Greece, Portugal and for France for the activities G+H+I and J+K: data provided by the M.S.

Structure of costs- all data provided by the M.S.

1996 for Denmark, Spain, France, Ireland, Netherlands and United Kingdom

1997 for Italy

1998 for Belgium (1996 for C_K), Portugal and Greece

1999 for Germany, Luxembourg, Austria, Finland and Sweden

Germany

Nace Rev.1 C-G and J instead of C_K

Nace Rev.1 G, J instead of G_K

Nace Rev.1 G, instead of G+H+I

Nace Rev.1 J instead of J+K

Luxembourg

Nace Rev.1 C-H+65+66, instead of C_K

Nace Rev.1 G-H+65+66, instead of G_K

Nace Rev.1 G+H, instead of G+I

Further information:

➤ Reference publications

Title European Social Statistics – Labour costs, series 1988-1999
(to be published)
Catalogue No KS-35-01-013-3A-C Price EUR 16

➤ Databases

New Cronos, Domain: Lacosts

To obtain information or to order publications, databases and special sets of data, please contact the Data Shop network:

BELGIQUE/BELGIË	DANMARK	DEUTSCHLAND	ESPAÑA	FRANCE	ITALIA – Roma
Eurostat Data Shop Bruxelles/Brussel Rue du Commerce 124 Handelsstraat 124 B-1049 BRUXELLES / BRUSSEL Tel. (32-2) 299 66 66 Fax (32-2) 295 01 25 E-mail: datashop.brussels@cec.eu.int	DANMARKS STATISTIK Bibliotek og Information Eurostat Data Shop Sejregade 11 DK-2100 KØBENHAVN Ø Tlf. (45) 39 17 30 30 Fax (45) 39 17 30 03 E-mail: bib@dst.dk	STATISTISCHES BUNDESAMT Eurostat Data Shop Berlin Otto-Braun-Straße 70-72 (Eingang: Karl-Marx-Allee) D-10178 BERLIN Tel. (49) 1888-644 94 27/28 Fax (49) 1888-644 94 30 E-mail: datashop@statistik-bund.de	INE Eurostat Data Shop Paseo de la Castellana, 183 Oficina 009 Entrada por Estébanez Calderón E-28046 MADRID Tel. (34-91) 583 91 67 Fax (34-91) 579 71 20 E-mail: datashop.eurostat@ine.es	INSEE Info Service Eurostat Data Shop 195, rue de Bercy Tour Gamma A F-75582 PARIS CEDEX 12 Tel. (33-1) 53 17 88 44 Fax (33-1) 53 17 88 22 E-mail: datashop@insee.fr	ISTAT Centro di Informazione Statistica Sede di Roma, Eurostat Data Shop Via Cesare Balbo, 11a I-00184 ROMA Tel. (39) 06 46 73 31 02/06 Fax (39) 06 46 73 31 01/07 E-Mail: dipdiff@istat.it
ITALIA – Milano	LUXEMBOURG	NEDERLAND	NORGE	PORTUGAL	SCHWEIZ/SUISSE/SVIZZERA
ISTAT Ufficio Regionale per la Lombardia Eurostat Data Shop Via Fieno 3 I-20123 MILANO Tel. (39) 02 80 61 32 460 Fax (39) 02 80 61 32 304 E-mail: mileuro@tin.it	Eurostat Data Shop Luxembourg BP 453 L-2014 LUXEMBOURG 4, rue A. Weicker L-2721 LUXEMBOURG Tel. (352) 43 35-2251 Fax (352) 43 35-22221 E-mail: dslux@eurostat.datashop.lu	STATISTICS NETHERLANDS Eurostat Data Shop-Voorburg Postbus 4000 2270 JM VOORBURG Nederland Tel. (31-70) 337 49 00 Fax (31-70) 337 59 84 E-mail: datashop@cbs.nl	Statistics Norway Library and Information Centre Eurostat Data Shop Kongens gate 6 Boks 8131, Dep. N-0033 OSLO Tel. (47) 21 09 46 42/43 Fax (47) 21 09 45 04 E-mail: datashop@ssb.no	Eurostat Data Shop Lisboa INE/Serviço de Difusão Av. António José de Almeida, 2 P-1000-043 LISBOA Tel. (351) 21 842 61 00 Fax (351) 21 842 63 64 E-mail: data.shop@ine.pt	Statistisches Amt des Kantons Zürich, Eurostat Data Shop Bleicherweg 5 CH-8090 Zürich Tel. (41-1) 225 12 12 Fax (41-1) 225 12 99 E-Mail: datashop@zh.ch Internet: http://www.zh.ch/statistik
SUOMI/FINLAND	SVERIGE	UNITED KINGDOM	UNITED KINGDOM	UNITED STATES OF AMERICA	
STATISTICS FINLAND Eurostat Data Shop Helsinki Tilastokirjasto PL 28 FIN-00022 Tilastokeskus Työpajakuu 13 B, 2 Kerros, Helsinki P. (358-9) 17 34 22 21 F. (358-9) 17 34 22 79 Sähköposti: datashop@tilastokeskus.fi Internet: http://www.tilastokeskus.fi/tk/ kk/datashop.html	STATISTICS SWEDEN Information service Eurostat Data Shop Karlavägen 100 - Box 24 300 S-104 51 STOCKHOLM Tfn. (46-8) 50 69 48 01 Fax (46-8) 50 69 48 99 E-Post: info@scb.se Internet: http://www.scb.se/info/ datashop/eurostatshop.asp	Eurostat Data Shop Enquiries & advice and publications Office for National Statistics Customers & Electronic Services Unit 1 Drummond Gate - B1/05 LONDON SW1V 2QQ Tel. (44-20) 75 33 56 76 Fax (44-1633) 81 27 62 E-mail: eurostat.datashop@ons.gov.uk	Eurostat Data Shop Electronic Data Extractions, Enquiries & advice - R.CADE Unit 1L Mountjoy Research Centre University of Durham DURHAM DH1 3SW Tel: (44-191) 374 73 50 Fax: (44-191) 384 49 71 E-mail: r-CADE@dur.ac.uk Internet: http://www-rcade.dur.ac.uk	HAVER ANALYTICS Eurostat Data Shop 60 East 42nd Street Suite 3310 NEW YORK, NY 10165 Tel. (1-212) 986 93 00 Fax (1-212) 986 69 81 E-mail: eurodata@haver.com	

Media Support Eurostat (for professional journalists only):

Bech Building Office A3/48 • L-2920 Luxembourg • Tel. (352) 4301 33408 • Fax (352) 4301 32649 • e-mail: eurostat-mediasupport@cec.eu.int

For information on methodology

Brigitte Delville, Eurostat/E1, L-2920 Luxembourg, Tel. (352) 4301 34508, Fax (352) 4301 34415, E-mail: brigitte.delville@cec.eu.int

This SIF was produced with the help of Mr Andrea Crovato, stagiaire in Eurostat.

ORIGINAL: English

Please visit our web site at www.europa.eu.int/comm/eurostat/ for further information!

A list of worldwide sales outlets is available at the Office for Official Publications of the European Communities.

2 rue Mercier – L-2985 Luxembourg
Tel. (352) 2929 42118 Fax (352) 2929 42709
Internet Address <http://eur-op.eu.int/fr/general/s-ad.htm>
e-mail: info.info@cec.eu.int

BELGIQUE/BELGIË – DANMARK – DEUTSCHLAND – GRECE/ELLADA – ESPAÑA – FRANCE – IRELAND – ITALIA – LUXEMBOURG – NEDERLAND – ÖSTERREICH
PORTUGAL – SUOMI/FINLAND – SVERIGE – UNITED KINGDOM – ISLAND – NORGE – SCHWEIZ/SUISSE/SVIZZERA – BALGARIJA – ČESKÁ REPUBLIKA – CYPRUS
EESTI – HRVATSKA – MAGYARORSZÁG – MALTA – POLSKA – ROMÂNIA – RUSSIA – SLOVAKIA – SLOVENIA – TÜRKIYE – AUSTRALIA – CANADA – EGYPT – INDIA
ISRAEL – JAPAN – MALAYSIA – PHILIPPINES – SOUTH KOREA – THAILAND – UNITED STATES OF AMERICA

Order form

I would like to subscribe to Statistics in focus (from 1.1.2001 to 31.12.2001):

(for the Data Shop and sales office addresses see above)

☐ **Formula 1:** All 9 themes (approximately 140 issues)

☐ Paper: EUR 360

Language required: ☐ DE ☐ EN ☐ FR

☐ **Formula 2:** One or more of the following seven themes:

☐ Theme 1 'General statistics'

☐ Paper: EUR 42

☐ Theme 2 'Economy and finance'

☐ Theme 3 'Population and social conditions'

☐ Theme 4 'Industry, trade and services'

☐ Theme 5 'Agriculture and fisheries'

☐ Theme 6 'External trade'

☐ Theme 8 'Environment and energy'

☐ Paper: EUR 84

Language required: ☐ DE ☐ EN ☐ FR

Statistics in focus can be downloaded (pdf file) free of charge from the Eurostat web site. You only need to register. For other solutions, contact your Data Shop.

☐ Please send me a free copy of 'Eurostat mini-guide' (catalogue containing a selection of Eurostat products and services)
Language required: ☐ DE ☐ EN ☐ FR

☐ I would like a free subscription to 'Statistical References', the information letter on Eurostat products and services
Language required: ☐ DE ☐ EN ☐ FR

☐ Mr ☐ Mrs ☐ Ms

(Please use block capitals)

Surname: _____ Forename: _____

Company: _____ Department: _____

Function: _____

Address: _____

Post code: _____ Town: _____

Country: _____

Tel.: _____ Fax: _____

E-mail: _____

Payment on receipt of invoice, preferably by:

☐ Bank transfer

☐ Visa ☐ Eurocard

Card No: _____ Expires on: ____/____/____

Please confirm your intra-Community VAT number:

If no number is entered, VAT will be automatically applied. Subsequent reimbursement will not be possible.